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Producers 88 (4-89) — Paid-Up With 640 Acres Pooling Provision

## PAID-UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 17th day of January, 2011, by and between Francis Nzibo and Wife, Hellen Nzibo whose address is 3112 Steamboat Drive, Fort Worth, TX 76123 as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessoe

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, lesses and lets exclusively to Lessee the following described land, hereinafter called leased premises:

ABSTRACT NO: 408

OT 24, BLOCK 1, OF SOUTHGATE, PHASE 1, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, ACCORDING TO THE REVISED PLAT THEREOF RECORDEDIN VOLUME 388-198, PAGE 1, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

in the County of TARRANT. State of TX, containing 0.15451200 gross acres, more or less (including any interests therein which Lessor may bereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seisoric operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to exceute at Lessee's request any additional or supplemental instruments for a more agrees to exceute at these of the lend of covered. For the remarket described approach to the number of games agree above specified shall be deemed covered. curate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct,

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands proceed therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof
- other substances covered hereby are produced in paying quantities from the lessed promises or from lands pooled therewith or this lesses is otherwise maintained in effect pursuant to the provisions hereof.

  3. Royalties on cit, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For cit and other liquid hydrocarbous separated at Lessee's separater facilities, the royalty shall be £25% of such production, to be delivered at Lessee's option to Lessor at the wellhoed or to Lessor's credit at the cil purchases's transportation facilities, provaded that Lessee shall have the continuing right to purchase so here observed thereby, the royalty shall be £25% of such production at the wellhoed market price then provatiling in the same field, then in the nearest field in which there is such as provatiling price) for production of similar gualties and approprintance part of ad valorem taxes and production, severance, or other substances covered hereby, the royalty shall be £25% of the processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchases the such as prevailing wellhead market price paid for production of similar gualties or other substances, provided that Lessee shall have the continuing right to purchases much production at the prevailing wellhead market price paid for production of similar gualties in the same field (as the interest to a substances) provided that Lessee shall have the continuing right to purchases much production at the prevailing wellhead market price paid for production of similar gualties in the same field (as the state of the primary term of any term of the purchase production therefore in a sub-transport of the state of the season of the production described price price production therefore in a sub-transport production therefore in a sub-transport of the substances of the purchase of the purcha

- premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

  6. Lossee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority, or, if no definition is so prescribed, "oil well?" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per burrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per burrel and "gas well" means a well with an initial gas-oil ratio of loc.000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component thereof. In exercising its pooling rights hereunder, Leasee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or revorking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net screage
- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferre in proportion to the net acreage interest in this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obl see hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zon

undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net ac

- 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, njection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

  11. Lessee's obligations under this lease, whether express or innoised, shall be subject to all amplicable laws, rules, regulations and orders of any governmental authority having
- 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any gove jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, rewort jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

  12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the leand described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

  13. No litigation shall be initiated by Lesser with respect to any breach or default by Lessee hereunder, for a period of at least When drilling, reworking, production or other

remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agree s that Lessee at . ssee's option may pay and discharge any taxes, mortgages existing, levied or assessed on or against the leased premises. If Lessee excrises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessee hall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessee has been furnished satisfactory evidence that such claim has been resolved.

Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

itide, Lessee may suspend the payment of royalties of stur-in royalties of the tribut interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lesse, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lesse is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

ACKNOWLEDGMENT

STATE OF

COUNTY OF

BEFORE ME, the undersigned authority, on the day of day of day of 2011 personally appeared Francis Nzibo and Wife, Hellen Nzibo, known to me to be the person(s) whose name(s) is (are) subscribed to the forgoing instrument, and acknowledged to me that he/she/they executed the same for the purposes and consideration their expressed, in the capacity therein stated, and as the act and deed of said Francis Nzibo and Wife, Hellen Nzibo.

[SEAL]

CHRISTOPHER CHARLES FIELDS **NOTARY PUBLIC** STATE OF TEXAS MY COMM. EXP. 6/01/14

Notary Public State of LoxAS

Notary's name (printed): Chasto

Notary's commission expires: